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Lieutenant Governor

State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

Task: 5706
5714

November 5, 2013

Certified Return Receipt
7010 2780 0002 7254 1309

Gordon Ziegler
Ziegler Chemical and Minerals
366 North Broadway, Suite 210
Jericho, New York 11753-2000

Subject: Acceptance of Amended Notice, Ziegler Chemical and Minerals, Ziegler
Gilsonite/Cowboy Bandana, M/047/013, Uintah County, Utah

Dear Mr. Ziegler:

The Division of Oil, Gas and Mining approves the amendment received October 31, 2013, for the Ziegler Gilsonite/Cowboy Bandana Notice of Intention to Commence Large Mining Operations (LMO) and grants approval for continuance of ongoing exploration work. The amendment includes adding the mine equipment list, shaft collar and seal design and plug design to lease ML 52259. The Division also approves the updated exploration map for lease ML 52186.

The Division has been in discussion with your mine superintendent, Ritchie Anderson regarding bringing the current LMO up to date. The plan is very old and needs to be reformatted and updated in accordance with the Utah Administrative Code R647-4 rules for Large Mining Operations.

In addition, the Division's last reclamation cost estimate for the Ziegler Gilsonite/Cowboy Bandana mine was calculated in 2002 and escalated to 2007 dollars, so the reclamation surety amount is past due for review and adjustment. The Division may adjust the amount of reclamation surety as the result of a periodic review taking into account inflation/deflation based on an acceptable cost index (R647-4-113.6).

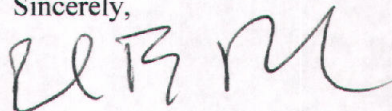
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The Division has developed worksheets to assist both the Division and mine operators to calculate the reclamation surety amount using standard unit costs. These are available on the Division's web site at http://linux1.ogm.utah.gov/WebStuff/wwwroot/minerals/bonding_worksheets.html. Please complete these forms and return a copy to the Division for review. Once the forms have been reviewed, the Division will ask that you adjust the amount of surety to reflect the current reclamation cost estimate.

The Division hereby directs you to provide a new updated LMO plan and a reclamation cost estimate by February 1, 2014.

Please contact Wayne Western at 801-538-5263 or by e mail at waynewestern@utah.gov if you have questions about the bonding worksheets. Please contact April Abate, the lead for Uintah County, at 801-538-5214 or me at 801-538-5261 if you have any additional questions. Thank you for your cooperation.

Sincerely,



Paul B. Baker
Minerals Program Manager

PBB: aa: eb

Cc: SITLA, Jerry Mansfield, jmansfield@utah.gov
Ritchie Anderson, Ritchie@zieglerchemical.com

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